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The Supply of Credit to Small and Medium Enterprise (SME) – Without the Kredit Usaha Kecil (KUK) Loan Program

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The supply of credit for small and medium enterprise should be distinguished from that for microenterprise. On the demand side, most of the smallest enterprises have never had loans and are not preparing to receive them now. On the supply side, the government has de-emphasized direct refinance lines since 1988, but has used a directed quota of from 20-25%. This quota was suspended in 1997, and has since been dropped. Progress was being made until 1997 in increasing SME lending, but it has declined and only recovered slightly since then. Indonesia is not unique in that the reluctance of commercial banks to lend to SME has provoked the government to encourage them to do so. The measures used including specialized institutions, direct assistance schemes and directed credit. None of these have been very satisfactory. Commercial banks need to be recapitalized, given liquidity, and encouraged to lend in general and to SME in particular. Non Bank Financial Institutions for SME should be encouraged. Commercial law needs to be improved to facilitate trade and financial credit. Improved prudential standards should not unduly hinder SME lending. SME lending needs continued monitoring.

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# **The Supply of Credit to Small and Medium Enterprise (SME) – Without the Kredit Usaha Kecil (KUK) Loan Program**

**By Thomas A. Timberg, Partnership for Economic Growth, Small Scale Credit Advisor, Bank Indonesia,<sup>1</sup> February 2000**

## ***What Do We Mean by Small and Medium Industry***

The supply of credit for small and medium enterprise should be distinguished from that for microenterprise. Because of availability of statistics, we will use the data for KUK loans which involve, inter alia, borrowers who meet the requirements of the Small Business Law of 1995 which includes a maximum of 200 Million of fixed capital excluding land and buildings and a maximum of 1 Billion of annual sales, as well as having a maximum loan amount of 350 Million Rps. However, 98.6% of all KUK loans are for less than 50 Million Rps.<sup>i</sup> On the bottom, we will exclude the typical clients of the specialized microcredit institutions such as the BPR (Bank Perkreditan Rakyat) and the BRI (Bank Rakyat Indonesia) Unit Desa, who rarely borrow as much as 25 Million.<sup>ii</sup>

The enterprises concerned presumably overlap with the BPS (Biro Pusat Statistik) small business category of those with 5-19 employees, though some should have more. If their loan sizes range from 25 to 350 Million, their worth might be estimated at 75 Million to 1 Billion.<sup>iii</sup> See Table I attached. The Economic Census of 1996 reports that there are 640,304 units with 5-19 employees, of which 575,833 lacked “legal status” and 64,471 had it.<sup>iv</sup>

## ***What is The Past Pattern in Indonesia?***

On the demand side, most of the smallest enterprises have never had loans and are not preparing to receive them now. Even a good number of large small businesses use no institutional finance. Obviously, many fewer than 10% received bank loans.<sup>v</sup> Formal sector NBFIs (Non Bank Financial Institutions) in Indonesia have generally not aimed at the small scale sector (except for vehicle leasing).<sup>vi</sup>

On the supply side, the Government has de-emphasized *direct* refinance lines since the PAKTO (Paket Oktober) reforms of 1988, but has used a *directed* KUK (Small Enterprise Credit) quota for commercial banks of from 20-25% of their lendings.<sup>vii</sup> This program has been suspended.

Though there is some controversy on this point, some progress was being made as measured by KUK figures until the Monetary Crisis. The direct refinance programs were then curtailed, though some new targeted direct lines were introduced. The KUK requirement was entirely lifted for 1998, and though I understand the incentives are promised for 1999, their form is unclear. KUK levels have fallen precipitously as can be seen in Table II attached but have still

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<sup>1</sup> USAID-funded Partnership for Economic Growth (PEG) Project. The views expressed in this report are those of the author and not necessarily those of USAID, the U.S. Government or the Government of Indonesia.

done remarkably well in comparative terms. The number of loans has risen from 48,338 to 57,156.<sup>viii</sup>

The KUK Credits include consumer credit and credits to cooperatives, many of which cooperatives eventually lend to small enterprises. For the moment we will only consider the other credits which are divided into Working Capital and Investment Credits as in Table I below:

The trends differ considerably between types of bank, regions and industry. In this case, the available figures include the entire KUK figures, not only credit to SME. Even the smaller SME figures include – micro and agricultural credit. See Table II below.

The most surprising thing is that, despite the suspension of penalties and incentives, the KUK credit has been as sustained as it has. The Bank Indonesia reports that 51 of commercial banks still meet their KUK target despite the lack of sanctions, down from 134 in the previous year.<sup>ix</sup>

The other dramatic data is the virtual collapse of KUK lending by foreign banks. These banks were new to this sort of lending. They experienced an enormous spurt in 1997, due to regulatory pressure. The level may well have returned to its natural level, given the international trade focus of most foreign banks. Somewhat less dramatic, but still clear, is the drop on the part of private Indonesian banks. This drop is due to that in the overall lending of these private banks. Their KUK lending has fallen by two thirds versus one third for government owned banks as of May 1999. The difference may also reflect the greater role of government owned banks in handling liquidity funds. The private bank figures also show the result of the closing of many private banks, as well perhaps as their more rapid progress in reorganizing their businesses for recapitalization.

### ***What Now?***

Exactly what will happen as bank lending revives is still unclear, as that revival is still not apparent. It seems unlikely that the government will have money for directed credit lines and the future of the KUK program is still to be determined. Equally critical, the nature of the management and the policy direction of the commercial banks is uncertain as well.

### ***What Is Done Elsewhere?***

Indonesia is not unique in that the perceived reluctance of the commercial banks to lend to SME has provoked the government to encourage them to do so.<sup>x</sup> Efforts elsewhere have paralleled those in Indonesia as follows:

#### **A. Special Institutions**

In the US, a program of government guarantees assisted in creating SBIC's, a specialized form of finance company, which in their variants enjoy various privileges.<sup>xi</sup> More generally, the small local unit banks which characterized American banking did a lot of local and small scale lending. Small business accounted for 371 Billion dollars of the 1 Trillion of all bank business loans outstanding in 1998. This figure was rising, and amounted to 36% of all bank lending. About

half of the lending concerned is for non-residential real estate. Small businesses are defined for this purpose as those receiving loans or other credit facilities of less than 1 Million dollars. The very smallest category of loans, under \$100,000 accounted for about 12% of total business loans. Commercial banks accounted for 54% of finance for small business.<sup>xii</sup> The US NBFIs sector, particularly leasing, factoring, and commercial finance companies, was started to serve a small business clientele. About 13% of small business credit comes from finance companies. In both cases, recent trends [the consolidation of banks from 30,000 to 10,000 over the century and the subordination of finance companies to the banks] have led many to be apprehensive that they may not continue to serve small business. No trend in that direction has, however, yet been observed. In the case of Europe, a variety of small business financial institutions were created, starting in the nineteenth century when many commentators evinced worry about the health of the SME sector, generally for social and political reasons.

In Asia, a variety of specialized institutions have been created sometimes in a cooperative form or around communal foci. In some countries, elaborate informal or curb markets and firms have emerged or continue to be a major financial resource for small business firms. Historically, the curb market was very important for small business in Korea and Taiwan. Somewhat more traditional informal financial markets exist in South and Southeast Asia. These traditional or curb markets have been the object of sporadic and generally ineffective repression. A few experimental efforts were made (inter alia in Sri Lanka, Malaysia, and Thailand) to link them to formal markets.

Nonetheless, the primary officially encouraged channel for SME finance has been and likely will remain the commercial banks, and their perceived reluctance to lend to small business is normally addressed by one of two means as follows:

#### B. Direct Assistance: Schemes for Finance or Guarantee of Small Business Loans.

In the US, there is the guarantee scheme of the Small Business Administration. These currently account for less than 10% of small business credit, which has led many to doubt their usefulness.<sup>xiii</sup> Almost every country in the world has some sort of small business loan guarantee program. A study of 101 countries reported that 85 had working schemes. By far the largest seem to be in East Asia. See Table IV below. Europe is particularly characterized by a variety of mutual guarantee schemes.

However the experience with extending guarantee schemes to developing countries has been mixed. A recent review concluded:

“...credit guarantee funds have neither been easy to develop in developing countries, nor have they so far generally been effective....It would be premature to assume that because of the many difficulties involved in developing an effective guarantee fund, the whole concept should be considered unsuitable for a developing country....Some experience in schemes in Korea, Philippines, Sri Lanka, and Colombia...have shown...a relatively effective system can be worked out...”<sup>xiv</sup>

There are also direct programs of government loans and even grants for business in the United States for which small business is eligible; and some states and localities provide some loan funds, but many of these are quite marginal. A recent report on Europe indicates that almost every European country has some credit program for small enterprises.<sup>xv</sup> Many of the loan provisions involve small government participations in private sector loans.

Nonetheless, both because of the constrained budget position of most countries and because of the massive problems of politicization and non-repayment, these direct loan programs have been declining in popularity.

### C. Directed Credit

Probably a more powerful tool has been the use of lending quotas or more gentle pressure on commercial banks, as in the case of the KUK, or various sorts of softer pressure as in the Community Reinvestment Act in the United States.<sup>xvi</sup> Some directed credit programs have been phased out, along with an increased pressure on banks for greater prudential soundness. The Philippines, which at one time had a 10% quota abolished it in 1997.

### ***What To Do in Indonesia***

1. Commercial Banks need to be recapitalized, more important given liquidity and somehow encouraged to lend in general and to SME in particular. This task is complicated by the fact that 85% of commercial bank worth is now in government banks. Some private banks can be expected to lend to small business because SME form a potentially profitable market segment. The management incentives for government banks could make them do the same – but these are likely to be very unclear for years.

One technique is to promote highly secured forms of lending that can be routinized: warehouse and transport receipt security, accounts receivable finance etc. These could be marketed on a coordinated basis so that government bankers could be encouraged to extend them without involving themselves in more discretionary and thus politicizable forms of lending. It is precisely in this spirit that the BRI Unit Desa model is being advocated for SME lending.

Of course, the aid donors are poised with all sorts of technical assistance which could improve the capability of bankers of all sorts to lend to small business, but whether there will be a supporting incentive structure is the question.

2. Non Bank Finance for SME should be encouraged – but this will also be difficult given the disastrous experience of NBFIs over the last several years. Nonetheless, in default of commercial banks, these forms of lending present real opportunities.

3. I would presume in the circumstances SME will primarily rely on trade credit and private financial arrangements. This increased reliance suggests a need for improved enforcement of debt contracts. The reliance on these less formal sorts of finance will parallel the greater reliance of larger enterprises on capital markets which many are now predicting.

4. The improved prudential standards for the banking sector which are necessary should be crafted so that they do not inhibit small scale lending – which has generally demonstrated itself to be safer than larger scale lending. In particular, bias against small and new banks, to protect the old and illiquid ones, are not wise. The healthy surviving, private banks should be encouraged to expand prudently rather than restrained to protect banks whose ability to extend credit will be limited. Businesses need to be encouraged to shift their patronage to the intact private banks which can serve them.

5. Whatever happens to the KUK program, SME lending should be monitored, perhaps even more carefully than at present, to identify problems that can be addressed.

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<sup>i</sup> *Bank Indonesia Report for the Financial Year, 1998-1999.*

<sup>ii</sup> The definition of small and medium industry as distinguished from micro-industry is a difficult issue in Indonesia, and this difficulty complicates comment on finance for SME. There are definitions that hinge on some combination of number of employees, capital or sales, and the size of loan with which the SME is potentially involved. Each of these criteria has its limitations. The available figures on employment and loan size are potentially firmer than those on capital and sales, which are largely dependent on self-reporting by SME which may wish to limit their tax liability. The employees and loan amount can be externally verified.

But even identification of units is difficult. An ownership unit may own more than one production unit, and many SME owners own several of them. Other SME are subordinate to larger enterprises. The Indonesian Small Business Law of 1995 recognizes this fact, but what to do with this recognition is difficult. This is especially the case because public policy encourages linkages between large and small enterprises.

For purposes of the Law small enterprises cannot have assets (exclusive of building and land) of more than 200 Million Rps and sales of more than one Billion Rps. For purposes of qualifying as a Small Enterprise Loan under the KUK (Kredit Usaha Kecil) program such a small business cannot be taking a loan of more than 350 Million Rps. What an enterprise worth 200 Million is doing with a 350 Million loan is not clear – and this suggests some of the ambiguities involved. For the assistance being provided indebted SME under the Jakarta Initiative the definition is of SME with outstanding indebtedness of 100 Million to 5 Billion Rps. The BPS defines small businesses as those with 5-19 employees and microbusinesses as those with 1-4. At the bottom of the range, defining microbusiness may be easier. The specialized microlending institutions rarely lend more than 25 Million to a single customer and their average loan is under 5 Million. These units presumably have under 4 employees, and well under 10 Million capitalization.

SME units could be “informal,” “without legal status” or incorporated as CV or PT. The ones that are involved with bank finance are more likely to have legal status. Of the more than 16.8 Million non-agricultural enterprises without “legal status” (mostly single proprietors who operate as natural persons) only 8615 had more than 20 employees, none of them in manufacturing or mining, and only 71,868 reported a capitalization of over 100 Million Rps in the 1996 Economic Census. For reference, of those enterprises, 418,650 had 5-9 employees and 84,183, 10-19.

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<sup>iii</sup> This figure is based on a rule of thumb that bank's should fund a maximum of one third of a firm's worth.

<sup>iv</sup> Table 8, *Profile of Establishments Without Legal Status*, and *1996 Economic Census*.

<sup>v</sup> There are roughly 50,000 KUK loans including those to agriculturists, cooperatives and for housing, and as noted 640,304 SME.

<sup>vi</sup> Agustina Musa, "A Study on Access to Credit for Small and Medium Enterprises (SMEs) in Indonesia: Before and After the Economic Crisis (1997-1998)," Jakarta: Asia Foundation, 1998; Peter van Diermen, *Small Business in Indonesia*. Aldershoot: Ashgate, 1997, pp. 138-141; *Economic Census of 1996*, Jakarta: BPS, 1996.

<sup>vii</sup> The goal under the KUK is 22.5% of new lending if the current average level is 20% and 25% if it is less. The penalties are 2% of the shortfall, and the incentives which are supposed to be partially covered by the penalties are 0.5% for levels between 20 and 30%, 1% for 30 to 40, and 1.5% over 40. Though most banks are now below the target, several obviously meet it.

As a result of the KUK requirement and despite its suspension, a careful account is kept of KUK lending, so we can monitor it as in Table I attached. Three qualifications are needed. First, like all Indonesian bank lending much KUK lending is in arrears. NPL (Non Performing Loans) have risen from 15.4% to 22.6% for KUK loans, and the "macet," completely inert loans from 3.9% to 9.4%. (*Bank of Indonesia Report for the Financial Year 1998-1999*) Overall commercial bank NPL were reported by Bank Indonesia as 58.7% in December 1998. The effective lending data obviously needs to be revised to account for NPL.

Second, in connection with bank recapitalization, many NPL KUK loans may have been taken off the books of the banks and given to IBRA (Indonesian Bank Restructuring Agency), albeit returned for administration. Thirdly, the KUK figures include several Trillion Rps of direct refinance from BI.

More generally, though Table I appears to contain supply figures it raises three methodological questions as follows:

1. Identification. The size of units receiving these loans is not clear, though the KUK borrowers are supposed to meet the requirements of the Small Business Law.
2. Fungibility. The borrowers may be small businessmen, but whether they used the funds they got to expand their business is not clear.
3. As always we have to be uncertain on the accurate reporting of the data.

For history of small industry credits in Indonesia see, David C. Cole and Betty Slade, *Building A Modern Financial System: The Indonesian Experience*. NY: Cambridge University Press, 1996, pp. 90-91.

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<sup>viii</sup> *Bank Indonesia Report for the Financial Year, 1998-1999*. This is an interesting but not unprecedented phenomenon, and may result from the extension of new small credits under the liquidity lines – at the same time that larger lines were closed down.

<sup>ix</sup> *Bank Indonesia Report for the Financial Year, 1998-1999*. Given the lower percentage of NPL reported among KUK borrowers, the percentage of KUK lending is actually probably increasing, albeit on a declining lending base. The absolute nominal amount of real SME lending seems to be halved, and given the rumors circulating one would guess that these are mostly old loans, being turned over. The KUK loans also include a certain volume of loans out of the various liquidity credits. Liquidity lending has supposedly been increased to compensate for shortfalls in SME loan availability.

<sup>x</sup> Anand Chandavarkar, *Central Banking in Developing Countries*. NY: St. Martin's, 1996, pp. 95-127.

<sup>xi</sup> The 2302 SBIC, distributed 1.8 Billion dollars of credit in 1996. *The State of Small Business: A Report to the President*. Washington, DC: Small Business Administration, 1998, p. 63.

<sup>xii</sup> *Small Business Lending in the United States*. 1998 Edition: A Directory of Small Business Lending Reported by Commercial Banks in June 1998, Washington, DC: Small Business Administration, 1999.

<sup>xiii</sup> Elisabeth Rhyne, *Small Business, Banks, and SBA Loan Guarantees: Subsidizing the Weak or Bridging a Credit Gap*. NY: Quorum, 1988.

<sup>xiv</sup> Jacob Levitsky, "Credit Guarantee Funds and Mutual Guarantee Systems," *Small Enterprise Development* IV, June 1993, pp. 4-15.

<sup>xv</sup> *The European Observatory for SME: Fifth Annual Report*. Zoetermeer, Netherlands: EIM Small Business Consultancy, Feb. 1998.

<sup>xvi</sup> "The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to supervision, to assess the institution's record of meeting the credit needs of the entire community, including low and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community" The SBA also publishes a directory of banks with good records of lending to small enterprises. As noted, the United States has a high level of lending to SME, so the marginal effects of CRA activity are hard to assess.

For a survey of such programs in Southeast Asia in 1985, see Bimall Nath Rimal, *The Roles of Central Banks in Development Finance: Experience of South-East Asian Central Banks*. Petaling Jaya, Malaysia: The South-East Asian Central Banks (SEACEN) Research and Training Centre, pp. 95-105. Because of both needs to assist commercial banks after the monetary crisis and questions of effectiveness, directed credit programs have frequently been scaled back.



**TABLE I -- Size of Non-Agricultural Enterprises**

<u>Industry</u>	<u>M Rps Sales</u>	<u>&lt;25</u>	<u>25-49</u>	<u>50-99</u>	<u>100-499</u>	<u>500-999</u>	<u>&gt;1000</u>
<i>Mining</i>		173207	10791	3990	2680	1417	501
<i>Mfg</i>		2523625	115108	46680	48750	14305	10872
<i>Utilities</i>		9825	821	886	1368	335	405
<i>Construction</i>		143897	21695	13162	17966	6341	8133
<i>Trade</i>		7529875	988028	510373	359880	48226	25931
<i>Transport</i>		1650000	39085	17278	17933	653	2387
<i>Finance</i>		29668	7397	8019	17849	4414	5958
<i>Real Estate</i>		1805843	76581	41104	43562	9699	4330
<i>Total</i>		13865940	1259506	641492	509988	91490	58517
						85390	
<u>Industry</u>	<u>No. of Emp.</u>	<u>&lt;5</u>	<u>5 to 19</u>	<u>20 to 99</u>	<u>&gt;100</u>		
<i>Mining</i>		182460	9110	858	158		
<i>Mfg</i>		2501569	228978	22284	6509		
<i>Utilities</i>		11355	1475	595	215		
<i>Construction</i>		168842	34410	7275	667		
<i>Trade</i>		9234479	212616	13938	1280		
<i>Transport</i>		1706210	23419	3273	534		
<i>Finance</i>		38429	28486	3881	509		
<i>Real Estate</i>		1862147	101810	16121	1041		
<i>Total</i>		15705491	640304	70225	10913		
				68225			

SOURCE: *Economic Census, 1996*

**TABLE II- Commercial Bank's Outstanding Small-Scale Business Credit**

Period	Working Capital In Billion Rps	Investment Credit in Billion Rps	TOTAL Bn Rps	NPL = 22.6%		Total KUK Bn Rps	Total Credit Bn Rps	TOTAL LENDING/KUK CREDIT Proportion	TOTAL LENDING/SMALL SCALE LENDING , ADJUSTED FOR NPL PROPORTION
				ADJUSTED FOR NPL	In Billions of Rupiah				
1994	19089	4828	23917		34164	188880	0.180877	0.126625	
1995	20707	6199	26906		40926	234611	0.174442	0.114683	
1996	22516	7553	30069		49291	292921	0.168274	0.102652	
1997	33381	10606	43987		68723	378134	0.181742	0.116326	
1998	15672	7395	23067		45571	487426	0.093493	0.047324	
1997									
June	32009	9919	41928		64169	328808	0.195156	0.127515	
July	31804	10133	41937		64820	340028	0.190631	0.123334	
August	32825	10371	43196		66450	358369	0.185423	0.120535	
September	33140	10600	43740		67200	368517	0.182353	0.118692	
October	32373	10237	42610		66238	384551	0.176274	0.110805	
November	32912	10588	43500		67777	375767	0.18037	0.115763	
December	33381	10606	43987		68723	378134	0.181742	0.116326	
1998									
January	33834	10602	44436		69078	511132	0.135147	0.086936	
February	31699	10357	42056		66712	480080	0.13896	0.087602	
March	30948	10156	41104		65890	476841	0.13818	0.086201	
April	19152	7427	26579		49269	468715	0.105115	0.056706	
May	19960	7603	27563		50125	527455	0.095032	0.052257	
June	16488	7328	23816		46231	626465	0.073797	0.038016	
July	15984	7734	23718		45740	581650	0.078638	0.040777	
August	16046	7665	23711		45825	543976	0.084241	0.043588	
September	15862	7611	23473		45467	535975	0.08483	0.043795	
October	15762	7582	23344		45557	471368	0.096648	0.049524	
November	15793	7514	23307		45726	469571	0.097378	0.049635	
December	15672	7395	23067		45571	487426	0.093493	0.047324	
1999									
January	15275	7356	22631	17516.39	45095	504282	0.089424	0.044878	0.078409288
February	14996	7219	22215	17194.41	45100	499938	0.090211	0.044436	0.07763676
March	13276	4781	18057	13976.12	38171	366543	0.104138	0.049263	0.086071209
April	12975	4726	17701	13700.57	37870	287877	0.131549	0.061488	0.107430617
May	12500	4544	17044	13192.06	38453	277602	0.138518	0.061397	0.107271949
June	12444	4494	16938	13110.01	37429	251262	0.148964	0.067412	0.117780271
July	11700	4392	16092	12455.21	36733	249428	0.147269	0.064516	0.112720279

SOURCE: Bank Indonesia

**Table III A-- Distribution of KUK Lending by Commercial Banks, May 1999**

	<u>Type of Bank</u>					
<u>Industry</u>	<u>State Bank</u>	<u>Regional Dev. Bank</u>	<u>Private Bank</u>	<u>Foreign Bank</u>	<u>Total</u>	
In Billion Rps						
<i>Agriculture</i>	4960	549	1293		6802	
<i>Mining and Mfg.</i>	844	64	427		1335	
<i>Trade</i>	6806	619	1882	1	9308	
<i>Service</i>	2157	354	1283	11	3805	
<i>Others</i>	11612	1869	2652	70	16203	
<i>TOTAL</i>	26379	3455	7537	82	37453	

**Table III B-- Distribution of KUK Lending by Commercial Banks, March 1998**

In Billion Rps					
Industry	Type of Bank				Total
	State Bank	Regional Dev. Bank	Private Bank	Foreign Bank	
Agriculture	3267	217	2427	166	6077
Mining and Mfg.	2681	151	3147	2208	7187
Trade	8769	932	7584	396	17681
Service	3317	735	6679	350	11081
Others	14399	2320	6982	163	23864
TOTAL	32433	4355	26819	2283	65890

**Table III C -- Total Lending By Commercial Banks, May 1999**

In Billion Rps					
Industry	Type of Bank				Total
	State Bank	Regional Dev. Bank	Private Bank	Foreign Bank	
Agriculture	16176	803	4524	1659	23162
Mining and Mfg.	52151	323	18545	37767	108786
Trade	29552	877	19454	8931	58814
Service	28032	1921	21792	7268	59013
Others	15809	2832	7400	1786	27827
TOTAL	141720	6756	71715	57411	277602

**Table III D-- Total Lending by Commercial Banks, March 1998**

In Billion Rps					
Industry	Type of Bank				Total
	State Bank	Regional Dev. Bank	Private Bank	Foreign Bank	
Agriculture	15445	273	13940	2207	31865
Mining and Mfg.	71761	482	44348	48355	164946
Trade	49571	1225	45360	11451	107607
Service	46952	1946	73457	11027	133382
Others	18840	3255	14971	1975	39041
TOTAL	202569	7181	192076	75015	476841

**Table III E -- Proportion of KUK Lending, May 1999**

<i>Industry</i>	<b>Type of Bank</b>				<b>Total</b>
	<b>State Bank</b>	<b>Regional Dev. Bank</b>	<b>Private Bank</b>	<b>Foreign Bank</b>	
<i>Agriculture</i>	0.3066271	0.683686177	0.285809019	0.285809019	0.293671
<i>Mining and Mfg.</i>	0.01618377	0.198142415	0.023025074	0.023025074	0.012272
<i>Trade</i>	0.2303059	0.705815279	0.09674103	0.09674103	0.158262
<i>Service</i>	0.07694777	0.184279021	0.058874816	0.058874816	0.064477
<i>Others</i>	0.73451831	0.659957627	0.358378378	0.358378378	0.582276
<i>TOTAL</i>	0.18613463	0.511397276	0.105096563	0.001428298	0.134916

**Table III F-- Proportion of KUK Lending, May 1999**

<i>Industry</i>	<b>Type of Bank</b>				<b>Total</b>
	<b>State Bank</b>	<b>Regional Dev. Bank</b>	<b>Private Bank</b>	<b>Foreign Bank</b>	
<i>Agriculture</i>	0.21152477	0.794871795	0.1741033 ?		0.000596
<i>Mining and Mfg.</i>	0.03736013	0.313278008	0.070961486	0.045662289	0.043572
<i>Trade</i>	0.17689778	0.760816327	0.167195767	0.008189432	0.164311
<i>Service</i>	0.07064662	0.377697842	0.090923942	0.031740274	0.083077
<i>Others</i>	0.76427813	0.712749616	0.466368312	0.082531646	0.611255
<i>TOTAL</i>	0.16010841	0.606461496	0.139627023	0.030433913	0.13818

SOURCE: Bank Indonesia

**TABLE IV -- Largest and Best-Established Guarantee Schemes**

<u>Country</u>	<u>No. of new</u>	<u>Value of Cr</u>	<u>Date Estab</u>	<u>Scheme Name</u>
		<u>\$M</u>		
<i>Japan</i>	1491154	136918	1937	CIC & NFCGS
<i>Taiwan</i>	114294	7033	1974	SMBCGF
<i>Korea</i>	69521	7392	1976	KCGF
<i>USA</i>	53592	7800	1953	SBA
<i>Malaysia</i>	17510	742	1972	CGC Berhad
<i>Canada</i>	13092	363	1961	SBLAA
<i>Italy</i>	8827	1449	1964	Mutual Guarantee Schemes
<i>UK</i>	7484	420	1981	Loan Guarantee System
<i>France</i>	7456	2987	1982	SOFARIS
<i>Germany</i>	6612	1383	1954	Burgschatsbanken
<i>Spain</i>	6571	294	1978	Sociedadesde Garantia Reciproca

Source: Graham Bannoch and Partners Ltd.Survey 1995/96 and annual reports.  
cited in "Credit Guarantee Schemes for Small Bsuiness Lending: A Global Perspective,"  
Volume I, London: Graham Bannoch and Partners Ltd., 1997, p.2.